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IN ASSOCIATION WITH BRYAN CAVE,
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LONDON, ENGLAND

December 19, 2001

PUBLIC DOCUMENT

BY ELECTRONIC MAIL AND FIRST CLASS MAIL

Gloria Blue
Executive Secretary
TPSC
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Section 201 Proceeding on Certain Steel Products; Comment of Tube Products of India on Action by the President under Section 203

Dear Ms. Blue:

Set forth below are the comments of Tube Products of India ("TPI"),[1] an Indian producer of steel tubes, on potential action by the President under Section 203 in the captioned proceeding with respect to the possible imposition of trade remedies on tubular products.

On December 5, 2001, TPI submitted its comments to the U.S. Trade Representative regarding the exclusion of certain drawn-over-mandrel ("DOM") and high-performance welded boiler tubing produced by TPI and other foreign manufacturers. In the event that such tubing is not excluded from the scope of the remedy, the remedy should nonetheless take into account the fact that such imported tubes occupy a niche market in the United States and should be treated separately from other tubular products because DOM and boiler tubes have not injured the domestic tube industry. The imposition of trade remedies on such tubes would unfairly burden domestic consumers tubes by limiting access to needed imports.

TPI produces precision DOM and boiler tubes for U.S. consumers with high quality and tolerance specifications. TPI's tubes are used in various types of manufactured goods that require high performance materials, including automobile parts, consumer goods, industrial equipment and boilers. All such tubes are subjected to heightened processing, finishing and testing standards prior to importation, which significantly increases value to the end-user by minimizing the need for additional processing of the tubes or by guaranteeing performance standards that exceed those of products available from domestic producers. Products meeting these standards are all high quality, low volume products that domestic manufacturers have been unwilling or unable to produce in sufficient quantities to meet domestic demand, and so U.S. consumers must look to imports to satisfy their requirements. The imposition of trade remedies, such as the tariff-rate quotas recommended for tubular products by the majority of the Commissioners of the International Trade Commission, could effectively exclude imports of such tubes from the U.S. market and leave domestic consumers with an inadequate supply of such products.

The use of tariff-rate quotas that fail to distinguish between tubing that does not directly compete with U.S. products, such as TPI's DOM and boiler tubes, and tubing that does directly compete with U.S. products would unfairly penalize domestic consumers who rely on imported DOM and boiler tubes to satisfy their high performance specifications. Such tubes occupy a distinctly different market than welded tubes for structural uses, fencing and other low-performance applications. Low-performance tubes also have been the subject of numerous antidumping and countervailing duty investigations of the past five years. By contrast, high-performance tubing such as TPI's products has not been the subject of trade remedy cases and, as demonstrated in TPI's December 5th exclusion request, representatives of the industry have testified before the ITC and made other statements to the effect that high-grade tube imports have not injured the domestic tube industry.

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[1] All statements of fact are those of TPI that TPI has provided to Bryan Cave LLP for the purpose of making these comments.

If the President does choose to adopt tariff-rate quotas on tubular products, TPI recommends that any tariff-rate quotas be imposed on a product-by-product basis, rather than uniformly across the ITC's broad tubular product definition, as a reflection of the significant differences in the tubular product import market. Any tariff-rate quota levels for DOM tubing should be calculated on the basis of past volumes of DOM tubing imports only and should not be calculated on the basis of overall import volumes of tubular products as a whole. Any tariff-rate quota for DOM tubing should not set at the level of past volumes, but rather should be high enough to permit natural expansion of the import market and be designed to prevent only sharp surges in DOM tubing imports. This dual goal could be achieved by the imposition of a tariff-rate quota based on an average of DOM tubing import volumes for 2000 and 2001, plus an additional 15% to allow for natural fluctuations in demand. For the purposes of determining an appropriate tariff-rate quota for DOM tubing, it would be appropriate to consider imports of tubes classified under HTSUS sub-categories 7306.30 and 7306.50 as a group.

Furthermore, in light of the steel industry's acknowledgment that DOM and boiler tubing imports have not injured the domestic industry, it would be inappropriate to subject such imports in excess of any tariff-rate quota to the 20 to 40 percent tariffs recommended by the Commissioners. An additional tariff of no more than 10 percent on volumes in excess of the tariff-rate quota would be more than sufficient to retard an unlikely surge in DOM and boiler tube imports and would not be a prohibitive cost increase to domestic consumers in the event they are forced to seek additional imports due to the inability or unwillingness of the domestic industry to meet increased domestic demand for high performance DOM and boiler tubes in the future.

Respectfully submitted,

/S/

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Counsel for Tube Products of India